UNITED NATIONS

Framework Convention on Climate Change

Distr.
GENERAL

FCCC/SBSTA/2000/INF.5/Add.2
11 May 2000

ENGLISH ONLY

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE
Twelfth session
Bonn, 12-16 June 2000
Item 8 (b) of the provisional agenda

METHODOLOGICAL ISSUES

GUIDELINES UNDER ARTICLES 5, 7 AND 8 OF THE KYOTO PROTOCOL

Report of a workshop on issues related to Articles 5, 7 and 8 of the Kyoto Protocol

Addendum

ELEMENTS OF ARTICLES 7 AND 8 AND METHODOLOGIES FOR ADJUSTMENTS UNDER ARTICLE 5.2

Note by the secretariat

CONTENTS

		Paragraphs	Page
I.	INTRODUCTION	1 - 14	3
A.	Mandate	1 - 9	3
B.	Scope of the note	10 - 12	4
C.	Possible action by the SBSTA	13 - 14	5

GE.00-61427

		Paragraphs	Page
II.	DISCUSSION	15 - 53	5
	A. General approach	15 - 16	5
	B. Approach to guidelines under Article 8 of the Kyoto Protocol	17 - 23	5
	C. Approach to guidelines under Article 7 of the Kyoto Protocol	24 - 26	7
	D. Approach to methodologies for adjustments under Article 5.2	27 - 35	7
	E. Linkages between Articles 5, 7 and 8	36 - 39	9
	F. Linkages between Articles 7 and 8 and mechanisms	40 - 44	10
	G. Linkages between Articles 5.2 and 8 and compliance	45 - 53	11

Annexes

I.	Elements of draft guidelines under Article 8 of the Kyoto Protocol	13
II.	Elements of draft guidelines under Article 7 of the Kyoto Protocol	28
III.	Draft guidance on methodologies for adjustments under Article 5.2	33

I. INTRODUCTION

A. Mandate

1. Article 7.1[1] states that each Annex I Party shall incorporate in its annual inventory of anthropogenic emissions by sources and removals by sinks of greenhouse gases (GHG) not controlled by the Montreal Protocol, submitted in accordance with the relevant decisions of the Conference of the Parties (COP), the necessary supplementary information for the purposes of ensuring compliance with Article 3. Article 7.2 states that each Annex I Party shall incorporate in its national communication, submitted under Article 12 of the Convention, the supplementary information necessary to demonstrate compliance with its commitments under the Kyoto Protocol.

2. In accordance with Article 7.4, the Conference of the Parties serving as the meeting of the Parties (COP/MOP) to the Protocol shall adopt at its first session, and review periodically thereafter, guidelines for the preparation of the information required under Article 7, taking into account guidelines for the preparation of national communications by Annex I Parties adopted by the COP.

3. Article 8.4 states that the COP/MOP shall adopt at its first session, and review periodically thereafter, guidelines for the review of implementation of the Protocol by expert review teams taking into account the relevant decisions of the COP.

4. Article 5.2 states that methodologies for estimating anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol shall be those accepted by the Intergovernmental Panel on Climate Change (IPCC) and agreed upon by the COP at its third session. Where such methodologies are not used, appropriate adjustments shall be applied according to methodologies agreed upon by the COP/MOP at its first session.

5. At its fourth session, the COP adopted decision 8/CP.4 on the preparations for the first session of the COP/MOP. It decided that the preparatory work would include guidelines for the preparation of information under Article 7, with respect to both annual inventories and national communications from Annex I Parties, and for the review of implementation by expert review teams under Article 8. It also decided that the preparatory work should include methodologies for adjustments under Article 5.2, with a view to completion by COP 6 and with the purpose of recommending their adoption by the COP/MOP at its first session (FCCC/CP/1998/16/Add.1).

6. At their tenth sessions, the subsidiary bodies endorsed the work programme on methodological issues related to Articles 5, 7 and 8 of the Kyoto Protocol (FCCC/SB/1999/2). The development of guidelines under Articles 7 and 8 and of methodologies for adjustments under Article 5.2 are an integral part of the work plan.

---

[1] For the sake of brevity all articles referred to in this paper are those of the Kyoto Protocol, unless otherwise specified. Also, "Annex I Parties" refers to Parties included in Annex I to the Convention.

7. At its eleventh session, the Subsidiary Body for Scientific and Technological Advice (SBSTA) recalled Article 5.2 of the Kyoto Protocol and took note of submissions by Parties on the issue of adjustments. It considered that adjustments referred to in this article should only be applied when inventory data submitted by Parties are incomplete and/or are calculated in a way that is not consistent with the IPCC 1996 Revised Guidelines as elaborated by any good practice agreed upon by the COP. It noted that these adjustments would result in substitution of a revised technical estimate for the purpose of accounting of the Parties' emissions and assigned amounts. It also considered that adjustments related to Article 5.2 could be an element of the review process under Article 8 of the Kyoto Protocol. It noted that the methodologies and procedures for adjustments, including the question of who should apply these adjustments, should be further examined in the preparatory work related to Articles 5 and 8 of the Kyoto Protocol (FCCC/SBSTA/1999/14, para. 51 (c)).

8. At its tenth session, the SBSTA requested the secretariat to organize a workshop on national systems and issues relating to adjustments, referred to in Article 5, before its twelfth session (FCCC/SBSTA/1999/6, para. 34 (d)). At its eleventh session, the SBSTA requested the secretariat to include in the agenda of this workshop the consideration of the methodological and technical aspects of guidelines under Articles 7 and 8 (FCCC/SBSTA/1999/14, para. 51 (a)). The SBSTA requested the secretariat to prepare documentation for consideration at the above-mentioned workshop on topics including preliminary options for methodologies to apply adjustments.

9. The SBSTA also requested the secretariat to provide an initial draft on modalities for adjustments under Article 5.2 and possible elements for inclusion in the guidelines under Articles 7 and 8, taking into consideration information from the workshop, for consideration by the SBSTA at its twelfth session.

B. Scope of the note

10. This note has been prepared in response to the request by the SBSTA and reflects the discussions at the workshop on issues related to Articles 5, 7 and 8 of the Kyoto Protocol, which took place in Bonn from 14 to 16 March 2000. The note contains three annexes; the first annex contains elements of draft guidelines under Article 8, the second contains elements of draft guidelines under Article 7 and the third draft guidance on methodologies for adjustments under Article 5.2. Within the annexes, commentary and questions for Parties are shown in *italics*. The note also includes a discussion of each of the annexes, including linkages to other provisions of the Protocol.

11. The elements of draft guidelines under Articles 7 and 8 and draft guidance on methodologies for adjustments under Article 5.2 reflect information provided by Parties at the workshop and earlier submissions by Parties contained in documents FCCC/SBSTA/1999/MISC.9 and Add.1, as well as FCCC/SBSTA/2000/MISC.1. However, some of the elements, such as those in each of the objectives sections, were not discussed at the workshop. Parties may wish to consider this note together with the conclusions of the workshop, contained in document FCCC/SBSTA/2000/INF.5.

12. Parties may wish to consider the underlined questions in this note and also the questions shown in *italics* in each of the annexes and, if making a submission, may wish to include their comments under the same headings.

C. Possible action by the SBSTA

13. The SBSTA may wish to consider the information in this note and to endorse or modify the main elements of the draft guidelines under Articles 7 and 8 and draft guidance on methodologies for adjustments under Article 5.2. The SBSTA may also wish to consider how issues related to other provisions of the Kyoto Protocol should be further reflected in the guidelines. The elements included in draft guidelines and draft guidance on methodologies for adjustments are not comprehensive. Further elements may be identified during consideration by the SBSTA, with a view to completing preliminary draft guidelines and draft guidance on methodologies for adjustments by COP 6 for forwarding to COP/MOP 1.

14. The SBSTA may wish to provide guidance related to preparations for its thirteenth session and, in particular on how to proceed with the work on methodologies for adjustments under Article 5.2, including the involvement of relevant organizations, in particular the IPCC.

II. DISCUSSION

A. General approach

15. The secretariat has tried to ensure consistency and coherence between the elements included in the annexes to this note. Furthermore, it has taken into account ongoing work on national systems, land-use, land-use change and forestry, mechanisms and compliance. However, in some areas consistency will only be possible once Parties have chosen between different approaches to particular questions. Hence this note describes cross-cutting issues related to Articles 5, 7 and 8, mechanisms and compliance and, in this context, raises a number of issues that Parties may wish to consider further.

16. The secretariat assumes that a COP and/or COP/MOP decision will be taken in relation to the use of these guidelines prior to the first commitment period. This approach would facilitate the refinement of these guidelines as well as those on national systems.[2] Parties may wish to consider this issue further and if necessary provide guidance on the continuation of this methodological work in the period between COP 6 and COP/MOP1.

B. Approach to guidelines under Article 8 of the Kyoto Protocol

17. Parties envisage a single review process for the implementation of Annex I Parties' commitments under the Convention and Kyoto Protocol. The single review process could be split into an inventory-related review, including national systems under Article 5.1, and a

---

[2] A draft of the guidelines for national systems under Article 5.1 is included in document FCCC/SBSTA/2000/INF.5/Add.1.

national communication review. Annex I to this note adopts this approach on the basis that there will be separate inventory review teams and national communication review teams requiring separate guidelines.

18. Parties, in their submissions, have noted that the guidelines for review under the Kyoto Protocol should build upon and be supplemental to the guidelines for review under the Convention. This is the approach assumed in this note. However, currently there are no guidelines for the review of national communications under the Convention. Parties may wish to take into account document FCCC/SBI/2000/3 on the experience with the in-depth reviews of second national communications. It describes issues related to the review process and outlines possible options for the third round of in-depth reviews under the Convention, including the development of guidelines.

19. Parties have noted that guidelines for review of national communications under Article 8 depend upon the outcome of discussions on Article 7, Article 3.3 and 3.4 and mechanisms. Submissions from Parties, in general, contain little information about national communication review and there was limited discussion at the workshop. Parties may wish to consider to what extent these guidelines may be elaborated by COP 6.

20. The guidelines for review under Article 8 should contain guidance to ensure consistency in the approach of expert review teams. It was noted by participants at the workshop that this should be designed to take into account Parties' national circumstances. Parties may wish to take into account the two-year trial period for use of the guidelines for technical inventory review under the Convention (FCCC/CP/1999/7 and decision 6/CP.5 [3]). Some aspects of the guidance under Article 8 may need to be further elaborated only after the trial period.

21. Parties have stressed that the composition of the expert review team and steps to ensure they have the appropriate expertise is very important in the design of the review process. Parties may wish consider this issue further (see annex I, part I, sections H and I).

22. Parties envisage that the review process will allow for Parties to correct problems before adjustments may be recommended. They have noted that adjustments should be conservative in order to maintain incentives to follow the IPCC Guidelines,[4] including good practice. In addition, the calculation and application of adjustments has implications for timing (see figure in annex I). For these reasons, adjustments could be considered as a last resort. Parties may wish to consider this issue further.

23. Parties have noted that each inventory review for an Annex I Party should be completed within a year. They took into account information provided by the secretariat that in the current in-depth review process, it is not uncommon for Parties to take three to six months to respond to

---

[3] For the full text of decisions adopted by the Conference of the Parties at its fifth session, see document FCCC/CP/1999/6/Add.1.

[4] IPCC Guidelines refer to the "Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories".

questions or to comment on draft reports. The participants at the workshop suggested that, at each stage in the review process, Parties should be given fixed periods in which to respond. Parties may wish to consider how much time should be allowed. However, even if the number of steps in the review process is minimized, rapid review for all Parties will not be possible without cooperation from Parties and necessary resources. In this regard, Parties may wish to consider reporting their annual GHG inventory in November for the year prior to submission. This would shorten the reporting period by five months and could also enable information to be checked, synthesized and assessed according to a schedule that would match that of the subsidiary bodies and the COP. Also, at this stage, it is not known what resources will be required to review each inventory within a year. Whether reviews are organized by the secretariat with experts nominated by governments who are not paid by the secretariat, or undertaken by experts who are compensated by the secretariat to ensure their availability and responsiveness, or undertaken in another manner cannot be determined until after the trial period for the technical GHG inventory review under the Convention. However, additional resources are very likely to be required for any of the above approaches.

C. Approach to guidelines under Article 7 of the Kyoto Protocol

24. Annex II to this note contains elements covering the reporting of information under Article 7.1 and 7.2.

25. Workshop participants agreed that the UNFCCC reporting guidelines on annual inventories and national communications, adopted by COP 5 (decisions 3/CP.5 and 4/CP.5), should serve as the basis for the development of guidelines under Article 7 of the Kyoto Protocol. They also indicated that supplementary information for Article 3.1 and 3.13 could be reported under Article 7.1 and/or Article 7.2. The elements in annex II to this note follow these suggestions, but Parties may wish to provide additional views on this issue.

26. Linkages exist between what is reported under Article 7 and ongoing work related to other provisions of the Kyoto Protocol, in particular on Article 3.3 and 3.4, Article 5 on national systems and adjustments, Articles 6, 12 and 17 on mechanisms and work on compliance. For this reason, some elements of the guidelines under Article 7 may only be incorporated following the outcome of this work. Annex II to this note includes explanatory text in *italics* for such cases.

D. Approach to methodologies for adjustments under Article 5.2

27. In response to the mandate referred to in paragraph 8 above, the secretariat prepared a technical paper on preliminary options for methodologies to apply adjustments (FCCC/TP/2000/1). The technical paper summarizes the main findings of seven reports prepared by consultants for the secretariat. The full reports of the consultants on the IPCC source categories "fuel combustion activities" (three reports), "fugitive emissions from fuels", "industrial processes", "agriculture" and "waste" were also made available to participants at the

workshop to facilitate discussions.[5] The secretariat considered these reports, as well as discussions at the workshop and submissions by Parties, in preparing this document.

28. Workshop participants recommended that guidance on methods for adjusted emission estimates should be developed and that these methods may vary according to the source category and greenhouse gas, type of problem (e.g. missing estimate, poor emission factor), and/or data availability. As far as possible, this guidance should consist of a hierarchy of approaches so as to guide the process of calculating adjustments, including the choice of methods for a specific case. It would also include information about the required documentation of the approach taken and assumptions made by the Party or body calculating the adjustments.

29. Parties may wish to refer to the conclusions of the workshop related to methodologies for adjustments under Article 5.2 as contained in paragraphs 28 and 29 of document FCCC/SBSTA/2000/INF.5. These conclusions provide some direction on how to approach the work on methodologies for adjustments. However, the workshop participants did not draft elements for such methodologies.

30. For illustrative purposes, the secretariat has prepared draft guidance (annex III to this note) on the basis of the conclusions of the workshop. Some sections are more elaborate than others. Following consideration by Parties, parts of that text could be considered as conclusions by the SBSTA as the basis for further work.

31. Article 5.2 of the Kyoto Protocol refers to "methodologies for adjustments" while the participants in the workshop used the term "guidance on" adjustments. They also referred to the need to undertake further technical work on "methods for adjustments". The structure of the guidance contained in annex III contains aspects related to the choice of methods as well as a detailed descriptions of these methods. It therefore takes a comprehensive approach to what may be needed under Article 5.2. Parties may wish to consider whether this approach to developing guidance is appropriate.

32. Various aspects of this work could be performed by either the UNFCCC secretariat or the IPCC National Greenhouse Gas Inventories Programme. Parties may wish to recall the division of labour between this programme and the UNFCCC. The IPCC is responsible for developing and assessing scientifically sound inventory methods and practices, whereas the UNFCCC is responsible for determining how Parties report under the Convention, collating and archiving of national inventory data and review, including compilation and synthesis, and analysis of Parties' inventory data.

33. Parties may wish to give consideration to the draft guidance, including its structure, scope and eventual level of detail. Furthermore, Parties may wish to consider which parts of the guidance should be developed by whom and by when, bearing in mind the IPCC *Report on Good*

---

[5] These papers are available as working papers No. 3 (a) (2000) to 3 (g) (2000) from the secretariat upon request or at the UNFCCC web site (http://www.unfccc.int/sessions/workshop/000134/).

Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories and the trial period for technical review of inventories under the Convention.

34. Parties may also wish to consider that extremely detailed technical methods may not be necessary if relatively few problems require adjustments and that developing such detailed methods could be a complex task as noted in document FCCC/TP/2000/1.

35. Workshop participants suggested that methodologies for adjustments could either be included in guidelines under Article 8 or elaborated independently under Article 5.2. Parties may wish to consider this issue further.

E. Linkages between Articles 5, 7 and 8

36. In determining what is to be reviewed under the Article 8 guidelines, it is important to know what information will be reported and when. For this reason, it is important to coordinate the development of guidelines under Articles 7 and 8. For example, if the review guidelines are divided into inventory-related aspects and national communications, then the elements in these two parts of the guidelines under Article 8 may not simply correspond to review of information reported under Article 7.1 and 7.2, if national systems are reported under Article 7.2 (see annex II, paragraph 13).

37. Workshop participants at the workshop noted that the guidelines for national systems under Article 5.1 and reporting under Article 7.1 would be both useful in categorizing inventory problems. This could be linked to determination of whether a problem is *de minimis*, first or second order. For example, if Parties "shall" report something and they do not, this may be a first or second order problem, whereas if Parties "are encouraged" to report something and they do not, this could be *de minimis* (see annex I, part I, section F).

38. It is generally agreed that each Party should be subject to a single review of each national communication. Some parts of the inventory-related review, such as the review of national systems or parts thereof, could be conducted in conjunction with the national communication review, assuming this also requires an in-country visit. If the guidelines are designed in this way then Parties may wish to consider the timing of national communications and their review. Parties may wish to recall decision 11/CP.4, which requires third national communications to be submitted by November 2001 and a fourth national communication at a date to be determined three to five years thereafter. This implies that the fourth national communications will be provided some time between 2004 and 2006. If the timing of the national communications is not compatible with the desired timing for the reporting and review of information on national systems then Parties may wish to consider interim reporting, recalling the SBI conclusion that consideration of issues related to interim reporting should be postponed until matters relating to reporting and review under the Kyoto Protocol have been resolved (FCCC/SBI/1999/8, para. 23 (a)).

39. Workshop participants in the working group on Article 7 discussed what should be reported in order to show demonstrable progress in fulfilling commitments under the Protocol.

They agreed that, in addition to what is reported under the Convention, future Annex I national communications should include supplemental information under Article 7, *inter alia*, on the implementation of national systems, preparations for the implementation of national registries and use of the Kyoto Protocol mechanisms and on fixing the base year for the inventory. However, review of demonstrable progress was not discussed by the working group on Article 8. Whilst information of relevance to this issue could be included in the fourth national communications, there could instead be interim reporting in 2005 accompanied by review in terms of a compilation and synthesis. This may require the development of separate guidance. Parties should give further consideration to the timing of reporting on and any related review of demonstrable progress.

F. Linkages between Articles 7 and 8 and mechanisms

40. Submissions from Parties indicated and participants at the workshop noted that the base year emission inventory, estimated in accordance with Article 5 and Article 3.7, the national system, as defined in guidelines under Article 5.1, national registries, to be defined by Parties in their discussions on mechanisms, and the national communication could be subject to review under the Article 8 guidelines prior to the first commitment period. In particular, participants noted that base year emission inventories should be reviewed prior to the first commitment period, after which they may be fixed for the duration of the commitment period. It was, however, also noted that there could be circumstances in which recalculations of base year inventories may be allowed during the commitment period. Parties may wish to give further consideration to this issue and to what should be reviewed prior to the first commitment period. The workshop did not discuss any possible linkages between a pre-commitment period review and mechanisms.

41. The Parties, in their discussions on mechanisms, made proposals for criteria for participation in emissions trading under Article 17. In one proposal, compliance with Articles 5 and 7 is a prerequisite for participation, whereas another allows for participation in emissions trading unless a Party is found to be in non-compliance with Articles 5 and 7. Parties may wish to consider if the guidelines for review should be based on a premise that Parties are in compliance or not in compliance. Parties may also wish to consider the timing of reporting, review, the establishment of compliance procedures and the commencement of emissions trading under these options.

42. It was noted that expedited procedures could be considered for review and compliance in the event that a Party is found not to meet participation criteria for mechanisms both before and during the commitment period.

43. Parties may wish to consider this issue further. Parties may wish to consider if the guidelines for review under Article 8 should encompass any aspects related to Article 6 projects, taking into account Article 6.4 as well as proposals by Parties included in document FCCC/SB/2000/3 (see part II on issues related to compliance).

44. The elements of draft guidelines under Articles 7 and 8 may only apply to Annex I Parties. Parties may wish to consider if reporting and review in relation to Article 12 should also encompass non-Annex I Parties (see annex I, part I, paragraphs 1(a), 23 and 24 and annex II, paragraphs 5, 6 and 11.) This issue may be considered further in the mechanisms discussions.

G. Linkages between Articles 5.2 and 8 and compliance

45. The review process is closely linked to compliance procedures. Workshop participants highlighted several areas where joint discussions may be useful. Parties may wish to consider if the following points should be discussed by a particular group or jointly.

46. Parties generally envisage a rapid review and compliance process. This must be borne in mind in the design of procedures contained in the review guidelines. Parties may wish to consider the timing implications for the entire review and compliance process, including each step in the process, in particular procedures for the calculation and application of adjustments. The figure in annex I illustrates two possible scenarios, one in which the inventory submission of a Party does not require adjustments and the other in which it does. The timing given in this figure is speculative and is dependent upon how the review process and involvement of compliance institutions evolves.

47. It is envisaged by Parties that during the review process problems are identified. Parties are then given an opportunity to correct problems or provide explanations to the expert review team as to why something is not a problem. After this, some problems may remain. It may be useful for the compliance institutions if the review process identifies what type of problems these are. This applies to both national communication and inventory-related reviews; the workshop did not discuss the former, hence Parties may wish to consider the issue further.

48. At the workshop an approach was proposed for the categorization of inventory problems. The secretariat has proposed a preliminary elaboration of this approach, taking into account discussions at the workshop and also the mandatory and non-mandatory elements of various guidelines (see annex I, part I, section F). Participants noted that guidance for review teams should take into account the outcome of current work on IPCC good practice guidance, in particular analysis of key source categories, tiers and time-series analysis and the importance of outlier detection. They also noted that the trial period of technical inventory reviews under the Convention should also provide useful information about problem identification and categorization.

49. Article 8 of the Kyoto Protocol notes that, on the basis of expert review team reports, "the secretariat shall list those questions of implementation indicated in such reports for further consideration...". Article 6.4 also makes reference to a "question of implementation". The workshop discussed when a question might become a question of implementation, but not what constitutes a question of implementation. Parties may wish to consider how the proposed categorization of problems may be linked to "questions of implementation".

50. Workshop participants noted that questions raised at stages of the review process only involving the secretariat and not expert review teams would be labelled "questions". At stages involving expert review teams, questions would continue to be called "questions" until the Party has been given an opportunity to provide explanations or solve a problem. Only thereafter could a question become a "question of implementation". However, even then it may be for the screening process of the compliance institution to determine if the question is a "question of implementation". Parties may wish to give further consideration to this issue, including the nomenclature.

51. Workshop participants discussed the possible role of the compliance institutions in relation to adjustments. Different options are discussed in annex I to this note. Parties may wish to consider if and when the compliance institutions need to approve the calculation of an adjustment and/or approve its application (see annex I, part I, section G).

52. Workshop participants noted that a comparison of assigned amounts with aggregated emissions after the first commitment period was a cross-cutting issue with links to compliance discussions and possibly mechanisms. Parties may wish to consider whether this comparison should be part of the review process.

53. Workshop participants noted that prior to review and thereafter whenever a problem is found, Parties may be provided with access to technical advice from the expert review team or other Parties and/or may request technical or financial assistance from the compliance institutions. In this case, the review process should proceed as normal. Parties may wish to consider the practicality of providing assistance prior to a review, allowing a review to proceed whilst assistance is being provided and the implications for compliance. The provision of technical and financial assistance from non-review bodies could be considered in the context of compliance discussions.

Annex I

ELEMENTS OF DRAFT GUIDELINES UNDER ARTICLE 8 OF THE KYOTO PROTOCOL

PART I

ELEMENTS RELATED TO THE REVIEW OF NATIONAL INVENTORY SUBMISSIONS, NATIONAL SYSTEMS AND NATIONAL REGISTRIES

A. Objectives[1]

1. The objectives of the guidelines on the review of national inventory submissions, national systems and national registries are:

(a) To promote consistency in the review of national inventory submissions and supplementary information under Article 7 including national systems and transfers and acquisitions of assigned amount units (AAUs), emission reduction units (ERUs) under Articles 6 and 17 for Annex I Parties and certified emission reductions (CERs) under Article 12 for Annex I and non-Annex I Parties;[2]

(b) To establish a process for a thorough and comprehensive technical assessment of national inventory submissions, national systems and national registries;

(c) To ensure that the Conference of the Parties serving as the meeting of the Parties (COP/MOP) has adequate information on greenhouse gas (GHG) inventories and trends in emissions and removals by sinks;

(d) To examine in an open and transparent manner the consistency of quantitative and qualitative information submitted by Annex I Parties with the guidelines for reporting under Article 7 of the Kyoto Protocol and guidelines for national systems under Article 5.1 [and guidelines for national registries under Article x];[3]

(e) To provide the COP/MOP with a thorough technical assessment of the implementation of Annex I Parties' commitments under the Kyoto Protocol [supplementary to those under Articles 4.1(a) and 12.1(a) of the Convention]; and

---

[1] The objectives section could be merged with the objectives section of part II.

[2] This paper assumes that information will be reported by both Annex I and non-Annex I Parties in relation to CERs. This issue may be discussed by Parties in relation to the mechanisms.

[3] National registries may be reported under guidelines related to the mechanisms or under Article 5.1.

(f) To assist Annex I Parties in improving the quality of their national GHG inventories, national systems and national registries.

(g) [To facilitate assessment of the criteria for participation in the mechanisms under Articles 6, 12 and 17.] (*Parties may wish to consider this issue further.*)

B. General approach

2. These guidelines generally relate to the review of supplementary information under Article 7, but some aspects are also relevant to the review of information reported under the Convention, as described below.[4]

3. Some aspects of the review shall occur annually and some on a less frequent basis, in accordance with the timing described below. Those aspects of the review which occur annually shall be conducted in conjunction with the technical review of each Annex I Party's greenhouse gas inventory. The results shall be incorporated into the reports under the technical review of Annex I Parties' greenhouse gas inventories.

4. Option A: The results of the review of national systems and national registries shall be contained in a report separate from the annual inventory review reports and the national communication review report.

Option B: The results of the review of national systems and/or national registries shall be integrated into the annual inventory review report or the national communication review report.

5. Each Annex I Party shall be subject to at least one in-country review during the commitment period, preferably in conjunction with the in-country visit for its national communication review.

6. Additional in-country visits may occur if recommended by the review team in accordance with the guidance below and with the consent of the Party concerned.

7. At any stage in the review process, the secretariat and/or expert review team may raise questions for the Party. Parties shall be provided with the opportunity to clarify questions or provide additional information within agreed time limits.

---

[4] According to decision 3/CP.5, possible revisions to the UNFCCC reporting guidelines on annual inventories should be considered at the fifteenth session of the SBSTA. The SBI, following the advice of the SBSTA, agreed to set up a two-year trial period, beginning in 2000, to assess the UNFCCC reporting guidelines on annual inventories, particularly the common reporting format, with a view to revising them. By its decision 6/CP.5, the COP decided that the secretariat should conduct a two-year trial inventory review using the UNFCCC guidelines for the technical review of greenhouse gas inventories from Parties included in Annex I to the Convention (FCCC/CP/1999/7).

8. Parties will make every effort to correct identified problems within agreed time limits in consultation with the expert review team.

9. The final reports of the expert review teams shall be forwarded to COP/MOP or an institution that may be established for compliance-related purposes.

C. Coverage

10. The following elements should be reviewed for the purposes of assessing the implementation of the Protocol:

(a) Base year or period emission inventory estimated in accordance with Articles 3.7 and 5;

(b) National systems, as defined in guidelines on national systems;

(c) National registries (to be defined by Parties' discussions in the context of mechanisms); and

(d) The national inventory submission and supplementary information reported under Article 7.1, including information relating to transfers and acquisitions of AAUs, CERs and ERUs under Articles 6, 12 and 17.

D. Timing and procedures

11. The procedures in these guidelines complement those in the guidelines for the technical review of Annex I Parties' greenhouse gas inventories (FCCC/CP/1999/7).

12. The secretariat shall conduct an initial check of supplementary inventory information reported annually under Article 7.1 in conjunction with the initial check of information submitted under the Convention.

13. The expert review teams may recommend an additional in-country visit in the following circumstances:

(a) At the request of the Party being reviewed;

(b) On identification of severe [first order] problems with the national inventory requiring in-depth analysis involving the experts of the Party being reviewed.

14. The base year emission inventory shall only be reviewed once during the commitment period, if no recalculations occur. (*Q. Should this provision also apply if there is review prior to the first commitment period ?*)

15. All data reported annually under Article 7.1 should be reviewed annually, but the extent to which the data need to be reviewed in depth may depend on the frequency with which the data are updated or if changes occur in the underlying national system and/or registry system.[5] The annual review for each Annex I Party should be completed within one year of submission of its annual inventory. (*Q. Does this timing include a decision by the COP/MOP taken on the basis of advice provided by an institution that may be established for compliance-related purposes ?*)

16. The national system, as defined in guidelines for national systems under Article 5.1 and the national registry (to be defined by Parties' discussions in the context of mechanisms) shall be reviewed simultaneously and preferably in conjunction with the review of the national communication. (*Q. Does this provision apply before as well as during the first commitment period ?*) Key aspects of national systems under Article 5.1 and national registries may be reviewed on an annual basis. (*Parties may wish to consider the provision of guidance for expert review teams on this.*)

17. If the expert review team identifies a question, the Party is given six weeks in which to respond and correct any problems or provide an explanation to the expert review team as to why, in its view, it is not a problem.

18. The expert review team determines if a problem is *de minimis*, second order or first order, quantifiable or procedural and, technically, may or may not be subject to an adjustment, in accordance with the guidance below.

19. In addition to the requirements under the Convention, the final report of the expert review team should, where relevant, include:[6]

(a) Information on the assistance that has been provided to the Party by the compliance institutions prior to or during review;

(b) The final applied or proposed adjustments, whether an adjustment was accepted by the Party, the methodology used to calculate the adjustment and the rationale for the adjustment;

(c) A recommendation on which, if any, parts of the inventory could be exempt from in depth consideration in the following review, provided that no major changes occur during the period between reviews; and

---

[5] This issue about all data not being reviewed in depth every year could also be considered when the UNFCCC technical inventory review guidelines are updated.

[6] What should be included in the report under the Convention can be more fully considered during the revision of the guidelines following the trial period for the technical inventory reviews.

(d) Aggregate information on eligible transfers of AAUs, ERUs and CERs under Articles 6, 12 and 17 between the Party being reviewed and other Parties.[7]

E. Guidance for the expert review teams

20. The expert review teams should follow the guidance provided in this section.

GHG inventories

21. The expert review teams shall follow the same procedures and guidance established in the guidelines for the technical review of greenhouse gas inventories from Parties included in Annex I to the Convention or any subsequent revisions of this guidance by the COP/MOP.

22. The expert review teams shall have access to and may consider information on projects, including emission factors, under Article 6 where this may be relevant to consideration of the emission inventory of the Party being reviewed.[8]

Information on transfers and acquisitions under the mechanisms

23. As part of the individual annual inventory review, the expert review team should aggregate all eligible transfers and acquisitions of AAUs, CERs and ERUs up to and including the latest year available.

24. [As part of the annual compilation and accounting of emission inventories and assigned amounts, the secretariat should include the aggregate information on all eligible transfers and acquisitions of AAUs, CERs and ERUs for all Parties up to and including the latest year available in its database.]

National systems under Article 5.1

25. The expert review team should assess the extent to which the guidelines for national systems under Article 5.1 have been adhered to, especially any mandatory elements.

(*Parties may wish to consider how this section could be further elaborated, taking into account the development of draft guidelines for national systems under Article 5.1 and information to be reported under Article 7.*)

---

[7] Eligible transfers and acquisitions may be used to meet a Party's commitments under Article 3 and hence this term refers to a situation in which a Party is not subject any restrictions in this regard, for example, is not subject to an unresolved question of implementation which may affect the use of acquisitions under Article 6. Ineligible transfers and acquisitions may be reported, but should not be included in the review team's aggregation exercise. Parties may wish to consider an alternative term.

[8] Such information may be particularly relevant where entities account for a substantial percentage of a Party's emissions in a particular sector.

National registries (to be defined by Parties' discussions in the context of mechanisms)

26. The expert review team should assess the extent to which the guidelines for national registries have been adhered to, especially any mandatory elements.

(*Parties may wish to consider how this section could be further elaborated.*)

F. Classification of inventory problems

27. The following guidance applies to information reported in the national inventory, including supplementary information.

28. Expert review teams should use the following to classify inventory problems:

(a) Problems are procedural or quantifiable:

(i) Quantifiable problems are related to the estimation of GHG emissions and/or removals and may be expressed quantitatively;

(ii) Procedural problems are related to the reporting of information in accordance with the guidelines for reporting and/or the implementation of the functions of national systems in accordance with the guidelines under Article 5.1 and/or the implementation of the functions of national registries (to be defined by Parties' discussions in the context of mechanisms);

(b) Quantifiable and procedural problems are *de minimis*, second order or first order in terms of severity:

(i) First order and *de minimis* problems should be categorized on the basis of the guidance below;

(ii) Second order problems are those which are neither first order nor *de minimis*.

(*The remainder of this section is an elaboration by the secretariat of the views expressed at the workshop. It should be noted that participants did not consider whether procedural problems should be classified as first order, second order or de minimis or how this could be approached, so Parties may wish to consider this issue further and propose alternatives. This classification of problems could be updated, changed or refined in the light of experience gained during the trial period of the technical inventory reviews.*)

29. The expert review teams shall classify problems based on the following:

(a) Quantifiable problems

Type of problem	First order	*De minimis*
1) Missing estimates of GHG emisssions from sources or removals by sinks.	• Estimates from a source category[9] or categories which, on the basis of an adjustment methodology and in the view of the expert review team, individually or cumulatively may account for more than [5] [10] per cent of total emissions[10] in a given year. • Estimates from a source category which in the view of the Party or the expert review team is a key source, in accordance with the provisions of paragraph 11(a)(ii) of the guidelines for national systems.	Estimates from a source category or categories which, on the basis of an adjustment methodology and in the view of the expert review team, individually or cumulatively account for less than [0.25] per cent or [1] per cent respectively of total emissions for a given year.
2) Mistakes in the calculation of estimates of GHG emissions from sources or removals by sinks, including suspected fraud.	In the view of the expert review team, after detailed consideration with the Party involved, it is evident that the IPCC Guidelines, as elaborated by any good practices agreed upon by the COP, were not followed, resulting in an error in the estimate of a key source category. This includes the use of unreliable activity data, the selection of which ignores the provisions of paragraph 11 (a)(iii) of the guidelines for national systems.	Actual estimates from a source category, or estimates on the basis of an adjustment methodology and in the view of the expert review team, individually or cumulatively account for less than [0.25] per cent or [1] per cent respectively of total emissions for a given year.
3) Problems following the calculation of adjustments.	• Estimates from adjusted source categories account for more than [5] [10] per cent of total emissions in any given year. • The difference between the total emissions of the submitted inventory and the adjusted inventory exceeds [30] per cent in a given year. • The sum of percentage differences between total emissions of the submitted inventory and the adjusted inventory for each year in the commitment period exceeds [30] percentage points.	Not applicable.
4) Incomplete time-series	• Significant inconsistency in the time-series and recalculations for key source categories for which there is not a valid explanation. *(quantitative criteria need to be developed)*	*(To be elaborated)*

---

[9] In accordance with source categories defined in the IPCC Guidelines, unless a specific exclusion is permitted.

[10] "Total emissions" in these tables refers to the Party's aggregate GHG emissions expressed in CO_2 equivalent.

(b) Procedural problems

Non-adherence to the requirements of reporting guidelines on annual inventories under the Convention and the Kyoto Protocol		
Type of problem	**First order**	***De minimis***
1) Non-provision of the inventory in accordance with the common reporting format (CRF) and the national inventory report (NIR).	• The CRF or the NIR is not provided for the base year or any subsequent year. • The CFR or the NIR is not provided in an official language of the United Nations	Minor inconsistencies between the inventory information provided in the CRF and the NIR.[11]
2) Incomplete provision of inventory information.	• Gaps in the tables of the CRF[12] for key source categories. • References or sources of information related to methodologies, emission factors and activity data as well as the rationale for their selection are not provided for key source categories. • Information on the assumptions and conventions underlying the emission and removal estimates as well as the rationale for their selection is not provided for key source categories. • No justification for recalculations reported or recalculations for key source categories not documented in a transparent manner.	• Non-provision of the requested additional information in the sectoral background table of the CRF. • Minor gaps in the information requested for the NIR and/or for the sectoral background tables of the CRF.
3) Inventory data are not reported in the format requested.	Annual inventory data are not reported electronically using the CRF.	
4) Inventory data are not archived as required.	• No archiving of the CRF and the NIR for the base year or a given year. • No archiving of original and recalculated inventory data for a given year. • Archived inventory data do not enable, where relevant, estimates to be traced back to the original disaggregated emission factors and activity data.	Minor gaps in the archiving of inventory information requested in accordance with paragraph 35 of the UNFCCC reporting guidelines for annual inventories.

[11] Parties should give further consideration to the use of the term "minor" in these tables. The outcome of the trial period for technical inventory reviews may assist in this regard.

[12] Missing estimates of GHG emissions and removals are also listed in the table of quantifiable problems. The same reporting gap should not be considered twice.

Non-adherence to the requirements of the guidelines for national systems under Article 5.1[13]		
Type of problem[14]	**First order**	***De minimis***
Non-implementation of the general functions defined in paragraph 8.	No implementation of any of the functions defined in paragraph 8.	
Non-implementation of the functions defined in paragraph 10 (planning functions).	No implementation of any of the functions defined in paragraph 10.	• No inclusion of quality assurance (QA) procedures in a Party's inventory plan, as defined in paragraph 10(b)(vi), if this does not negatively affect the quality of the inventory. • No cooperation with relevant regional and/or international entities as part of the arrangements referred to in paragraph 10 (c) (ii).
Non-implementation of the functions defined in paragraph 11 (preparation and reporting functions).	No implementation of any of the functions defined in paragraph 11(a).	• Non-implementation of the functions defined in paragraph 11(b), if this does not negatively affect the quality of the inventory • Non-identification of key source categories, as referred to in paragraph 11(a) (ii), using tier 2 approach, if this does not negatively affect the quality of the inventory. • Non-application of checks and calculations of the tier 1 quality control (QC) procedures, as referred to in paragraph 11(a)(vi), to the non-key source categories, if this does not negatively affect the quality of the inventory.
Non-implementation of the functions defined in paragraph 12 (management functions).	No implementation of any of the functions defined in paragraph 12(a).	• Non-implementation of the functions defined in paragraph 12(b), if this does not negatively affect the quality of the inventory. • Minor gaps in the archiving of the inventory requested in accordance with paragraph 12 (a).
Non-implementation of the functions defined in paragraphs 13 and 14 (reporting and information sharing).	Non-implementation of any of the functions defined in paragraph 13 and 14(a) and (b).	Non-implementation of the functions defined in paragraph 14(c).

[13] An early trial and review of the guidelines for national systems may assist in the refinement of this section of the guidelines.

[14] All paragraphs referred to in this table refer to the guidelines for national systems under Article 5.1 (FCCC/SBSTA/2000/INF.5/Add.1).

Non-adherence to requirements of the COP and/or COP/MOP decisions on submission		
Type of problem	**First order**	***De minimis***
Non-timely submission of the annual inventory.	A delay in the submission of more than one month.	A delay in the submission of less than 15 days
Non-timely submission of the national registry report.	To be defined by Parties' discussions in the context of mechanisms.	

G. Procedures for the calculation of adjustments in accordance with Article 5.2[15]

30. The expert review team recommends the calculation of an adjustment on the basis of the following:

(a) Only quantifiable problems may be subject to adjustment;

(b) [First order quantifiable problems may not be subject to adjustment];

(c) *De minimis* quantifiable problems may not be subject to adjustment, except in circumstances where cumulatively their effect is not *de minimis*.

31. If a Party corrects a problem identified by the secretariat or expert review team in accordance with the IPCC Guidelines and good practice, this does not constitute an adjustment.

32. The following procedures should be used for the calculation of adjustments:

(a) In its draft report, the expert review team should note if an adjustment is technically feasible, recommend if an adjustment is appropriate, in accordance with the guidance above, and provide a classification of the problem;

(At this stage, the compliance institution could determine if an adjustment is the appropriate response to first order problems. Otherwise, the review would proceed to the calculation of adjustments, subject to any constraints in the guidance above.)

Who calculates adjustments ?

Option A:

(b) Following the technical review of a national GHG inventory and recommendation by the expert review team, an adjustment or adjustments should be calculated by the Party

[15] Procedures for adjustments could be developed in conjunction with the development of methodologies for adjustments under Article 5.2 rather than before the completion of these methodologies.

concerned, in accordance with methodologies for adjustments under Article 5.2, within a period of four weeks;

(c) The expert review team should decide whether to accept the adjustment or adjustments calculated by the Party on the basis of the methodologies for adjustments under Article 5.2;

(d) In the event that the expert review team does not accept the Party's adjustment or the Party does not calculate an adjustment within the fixed period... (see points (e), (f) and (g) below for the continuation of (d).)

Option B:

(e) The expert review team or adjustment team [under the auspices of the expert review team] should calculate an adjustment, in accordance with methodologies for adjustments under Article 5.2, and inform the Party that the adjustment is to be included in the inventory;

(f) The Party shall decide and inform the expert review team within four weeks if it accepts the adjustment;

(g) If the Party disagrees with the expert review team's recommendation, it shall notify the compliance institution.

33. If an adjustment is included in a Party's inventory, but later the Party is able to provide a revised estimate, during the commitment period, the adjustment may be removed, subject to the approval of the expert review team and compliance institution. (*The issue of whether adjustments could be removed and the resulting implications needs further discussion. There may be guidance on limitations to this practice. Discussions could include whether a Party may be allowed to replace adjustments with emission estimates following good practice after the commitment period.*)

(These draft guidelines under Article 8 do not contain elements for the compliance institutions' involvement in adjustment procedures as these may be elaborated elsewhere. However, it is important that their role is considered carefully as this will affect the time-scale for the review process. It can be assumed that, in the event of an unresolved problem, an adjustment is calculated whenever this is technically feasible. Only in the case of a dispute between the Party and the review team would the compliance institute need to be involved. Alternatively, it has been suggested that adjustments are not calculated for first order problems and that the compliance institution should determine if adjustments are appropriate in such cases. This adds a step to the process. When the final expert review team report is sent to the compliance institute, if deemed necessary, the application of the adjustment may then be approved.)

H. Composition of expert review teams

34. Parties shall nominate experts to the roster of experts according to the usual procedures for such nominations. The secretariat, under the guidance of the chairmen of the subsidiary bodies, shall select experts from the roster for expert review teams on the basis of their expertise and taking into account geographic balance, to the extent possible.

35. The members of expert review teams for inventories should generally be different to those of national communication review teams for the review of each Party.

36. The majority of the expert review team shall be composed of government-nominated experts selected from the roster of experts.[16]

37. The expert review team should consist of an expert for each major or key sector of the inventory.

38. Experts not nominated by governments may be involved in the review process, providing inputs to the expert review team. Their role should be limited to assisting the expert review team and the secretariat, in particular with those tasks not involving judgements, and they should not have responsibility for the content of the review report. They should not be involved as part of the review of an individual country, at any stage, without the agreement of the Party concerned. Such experts should work under the guidance of the expert review team. (*How do Parties want non-government-nominated experts to be involved in the review process ? Who will invite them to participate ? Who will provide finance ?*)

I. Criteria for experts not nominated by governments

39. Experts should have proven experience with the use of the *IPCC Report on Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories.*

40. Experts should be familiar with the UNFCCC and Kyoto Protocol reporting guidelines, the guidelines for national systems under Article 5.1 [and the guidelines for national registry systems (to be defined by Parties' discussions in the context of the mechanisms)].

41. Experts should preferably have experience in the compilation of a national GHG inventory.

J. Adoption and updating of the guidelines

42. These guidelines shall be adopted, reviewed and revised, as appropriate, according to the decisions of the COP/MOP, taking into account any relevant decisions of the COP.

---

[16] Parties may wish to note that the Executive Secretary, in his letter of 6 March 2000 to Parties, provided notification of the process for updating the UNFCCC roster of experts. This makes provision for inventory experts to state their expertise and to be nominated to take part in the technical review of Annex I GHG inventories. Guidance is provided to Parties on the nomination of experts.

PART II

ELEMENTS RELATED TO THE REVIEW OF NATIONAL COMMUNICATIONS INCLUDING INFORMATION REPORTED UNDER ARTICLE 7.2

A. Objectives[17]

43. The objectives of the guidelines on the review of national communications, including information reported under Article 7.2, are:

(a) To promote consistency in the review of the information contained in the national communications, including information provided under Article 7.2, for Annex I Parties;

(b) To establish a process for a thorough and comprehensive technical assessment of each aspect of the national communication relevant to implementation of the Kyoto Protocol;

(c) To ensure that the Conference of the Parties serving as the meeting of the Parties (COP/MOP) has adequate information on the content of national communications, including information reported under Article 7.2;

(d) To examine in a facilitative, open and transparent manner the quantitative and qualitative information submitted by Annex I Parties in accordance with the guidelines for reporting under Article 7 of the Kyoto Protocol for consistency with those guidelines;

(e) To provide the COP/MOP with a thorough technical assessment of the implementation of Annex I Parties' commitments under the Kyoto Protocol [supplementary to those under Articles 4.1(a) and 12.1(a) of the Convention]; and

(f) To assist Parties in improving the implementation of their commitments under the Kyoto Protocol.

B. General approach[18]

44. These guidelines generally relate to the review of supplementary information on the implementation of the Kyoto Protocol, but some aspects are also relevant to the review of information reported under the Convention.

45. The members of national communication review teams should generally be different to those of the inventory review teams for the review of each Party.

---

[17] This could be merged with the objectives in part I.

[18] This could be merged with the general approach in part I.

46. Each Annex I Party shall be subject to an in-country review of its national communication.

47. At all stages of the national communication review process, the secretariat shall provide individual Parties with the opportunity to clarify issues or provide additional information.

48. The Parties shall be sent draft review reports. Every effort shall be made to reach agreement with the Party on the content of the report prior to its publication. In the case of a Party and the expert review team being unable to agree on an issue, the Party may provide explanatory text to be included in a separate section of the report.

49. The final reports of the expert review teams shall be forwarded to the COP/MOP and/or any compliance institutions that may be established.

C. Coverage

50. The review should cover the national communication, including any supplementary information reported under Article 7.2, but excluding information on the national system and national registry;

D. Timing

51. Each Party's national communication shall be reviewed once.

52. The review of a Party's national communication should be completed within one year.

E. Selection of experts

53. The majority of the review team shall be composed of government-nominated experts.

54. The review team should consist of an expert for each major section of the national communication.

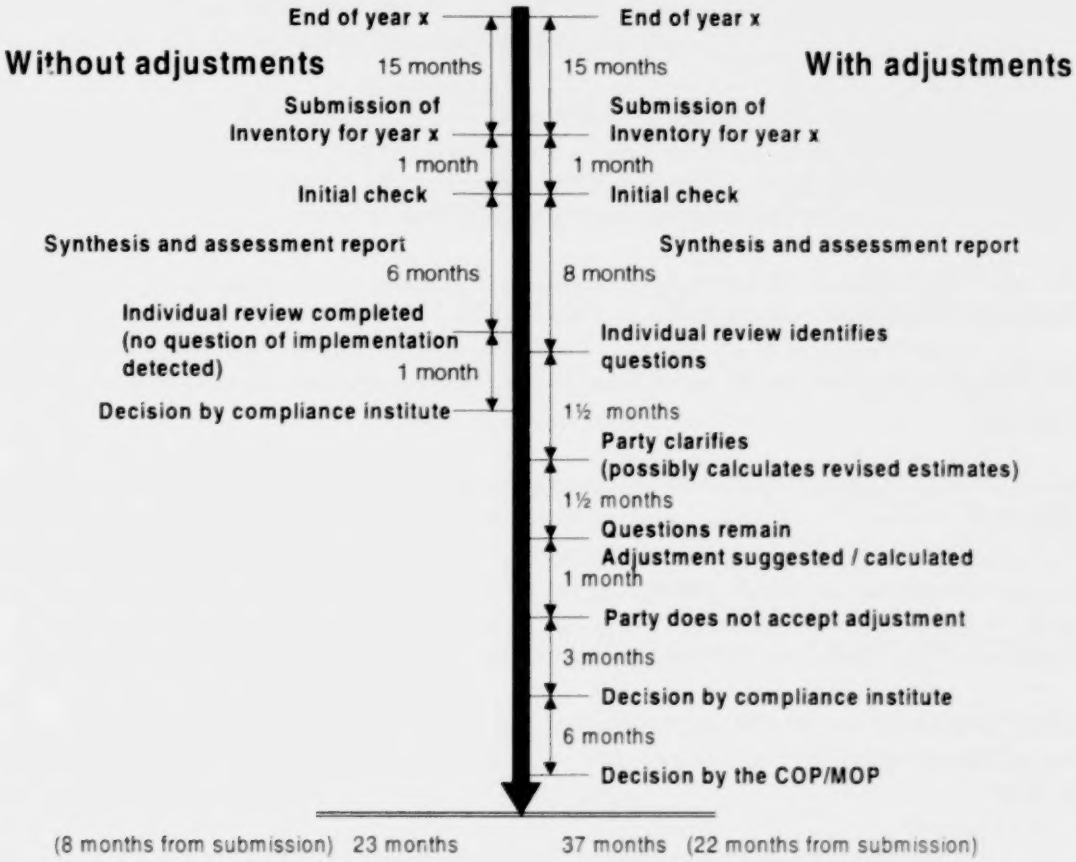
F. Procedures

55. The review team should follow the same procedures and guidance as are set out in the guidelines for the review of national communications under the Convention. (*N.B. Such guidelines do not currently exist. Parties may wish to consider this issue further.*)

G. Adoption and updating of the guidelines

56. These guidelines shall be adopted, reviewed and revised, as appropriate, according to the decisions of the COP/MOP, taking into account any relevant decisions of the COP.

Process and duration of possible inventory review under the Kyoto Protocol, in a given year by a single review team, with and without adjustments[19]



[19] This figure will not be included in the final guidelines under Article 8.

Annex II

ELEMENTS OF DRAFT GUIDELINES UNDER ARTICLE 7 OF THE KYOTO PROTOCOL

I. OBJECTIVES

1. The objectives of the guidelines under Article 7 of the Kyoto Protocol are:

(a) To enable Annex I Parties[1] to meet their commitments for reporting supplementary information in accordance with Article 7.1 and 7.2[2];

(b) To promote the reporting of consistent, transparent, comparable, accurate and complete information by Annex I Parties;

(c) To provide a basis for the Conference of the Parties serving as the meeting of the Parties to the Protocol (COP/MOP) to review the implementation of the Kyoto Protocol.

II. REPORTING OF INFORMATION UNDER ARTICLE 7.1

2. Information under Article 7.1 shall be reported annually to the secretariat with the inventory of anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol, submitted by Annex I Parties under the Convention and in accordance with decisions 11/CP.4 and 3/CP.5 and any relevant decisions of the COP/MOP.

3. Unless otherwise specified in these guidelines, supplementary information shall be submitted for the year prior to the year of submission, starting with the inventory due in the year 2009.

A. Supplementary information relevant to Article 3.3 and 3.4

4. Annex I Parties shall report information relevant to Article 3.3 and 3.4, in accordance with any guidelines, rules and modalities that may be adopted by the COP/MOP, taking into consideration information provided by the Intergovernmental Panel on Climate Change (IPCC), including the IPCC *Special Report on Land-use, Land-use Change and Forestry*.[3]

---

[1] "Annex I Parties" in these guidelines refers to Parties included in Annex I to the Convention.

[2] For the sake of brevity, all articles referred to in these guidelines are those of the Kyoto Protocol, unless otherwise specified.

[3] Annex I Parties may need to report the relevant supplementary information for the last but one year prior to the year of submission.

B. Transfers and acquisitions of ERUs, CERs and AAUs [4]

5. Each Annex I Party shall report, in an agreed standard format, the following information[5]:

(a) Total holdings of ERUs, CERs and AAUs at the beginning and end of the calendar year, and their serial numbers, as appropriate;

(b) Total issuance, transfers, acquisitions and retirement of ERUs, CERs and AAUs during the calendar year, as appropriate, and their serial numbers, as appropriate; and

(c) Information related to projects under Article 6, including baseline and emission reduction calculations for each project.

6. Where relevant, each Annex I Party shall provide information on CERs obtained in accordance with Article 12.10, from 2000 up to and including the year prior to the year of submission, with the first inventory submission after the Kyoto Protocol has entered into force for that Party.

(Parties may wish to consider if and how the reporting requirements identified above should be included or referenced in this section, particularly in relation to the level of detail. They may wish to consider what information on clean development mechanism (CDM) projects should be reported by non-Annex I Parties and how it should be reported.)

C. National systems in accordance with Article 5.1

7. Each Annex I Party shall report information on changes that have occurred in its national system, compared to information reported in previous submissions, including information submitted under Article 7.2 (see paragraph 13 below).

D. Adjustments in accordance with Article 5.2

(Participants at the workshop did not identify specific information on this issue. Parties may wish to provide additional views on the type of information that may be needed (see also annex I, para. 19 (b) and annex III, Section VIII).

E. Compliance

(Participants at the workshop did not identify specific information to be reported on compliance. Parties may wish to consider if and how this section should be further elaborated.)

---

[4] Emission reduction units, certified emission reductions and assigned amount units.

[5] See text for principles, modalities, rules and guidelines pursuant to Articles 6, 12 and 17 (FCCC/SB/2000/3) and submissions by Parties (FCCC/SBSTA/2000/MISC.1).

F. Information under Article 3.1 and 3.13

8. After the end of the first commitment period,[6] each Annex I Party shall report :

(a) All holdings in its national registry (to be defined by Parties' discussions in the context of mechanisms);

(b) Aggregate greenhouse gas emissions for the base year(s) or period, in accordance with Article 3.7;

(c) Aggregate greenhouse gas emissions for all years of the first commitment period; and

(d) Any transfers to future commitment periods in accordance with Article 3.13.

(Supplementary information to be reported under these Articles needs to take into account information reported under other sections of these guidelines. The participants at the workshop indicated that supplementary information under Article 3.1 and 3.13 could be reported under Article 7.1 and/or Article 7.2. Parties may wish to provide additional views on this issue.)

III. REPORTING OF INFORMATION UNDER ARTICLE 7.2

9. Information under Article 7.2 shall be reported with the national communication submitted under Article 12 of the Convention and in accordance with the relevant decisions of the COP and/or COP/MOP.

10. Unless otherwise specified in these guidelines, each Annex I Party shall report supplementary information, starting with the first national communication submitted after the Kyoto Protocol has entered into force for that Party.

A. National registries

(National registries are expected to be defined by the mechanisms group. Participants at the workshop did not identify specific information to be reported on this issue. Parties may wish to consider if and how this section should be elaborated.)

---

[6] Taking into consideration decisions 11/CP.4 and 3/CP.5, a complete set of the information required to assess compliance with Article 3.1 and 3.13 will not be available, at the earliest, until 2014.

B. Supplementary information relevant to Articles 6, 12 and 17

11. Each Annex I Party shall report:[7]

(a) Information on how its project activities under Article 12 have assisted Parties not included in Annex I to the Convention in achieving sustainable development and in contributing to the ultimate objective of the Convention;

(b) Information aimed at ensuring transparency, efficiency and accountability through independent auditing and verification of project activities under Article 12;

(c) Information on projects under Article 6 ;

(d) Information on names and contact details of legal entities, within the jurisdiction of the Party, that are authorized to participate in emissions trading.

(Parties may wish to consider if and how the reporting requirements identified above should be included or referenced in this section, particularly in relation to the level of detail. They may wish to consider what information on CDM projects should be reported by non-Annex I Parties and how it should be reported.)

C. Joint fulfilment of commitments in accordance with Article 4

12. Annex I Parties that have reached an agreement to fulfil their commitments under Article 3 jointly and/or in the framework of, and together with, a regional economic integration organization which is itself a Party to the Kyoto Protocol, shall incorporate in their national communication the terms, procedures and/or arrangements of such an agreement.

(Parties may wish to consider what terms, procedures and/or arrangements, if any, should be reported and how they should be reported.)

D. National systems in accordance with Article 5.1[8]

13. Each Annex I Party shall provide a description of how it is undertaking the functions defined in paragraphs 8, 10, 11 (a) and 12 (a) of the guidelines for national systems under Article 5.1 (FCCC/SBSTA/2000/INF.5/Add.1). This should include:

(a) An explanation of what functions were not performed or only partially performed and information on actions planned or taken to perform them in the future;

---

[7] See text for principles, modalities, rules and guidelines pursuant to Articles 6, 12 and 17 (FCCC/SB/2000/3) and submissions by Parties (FCCC/SBSTA/2000/MISC.1).

[8] The information included under this heading is based on the second draft of guidelines for national systems under Article 5.1 (FCCC/SBSTA/2000/INF.5/Add.1).

(b) The provision of the inventory development plan; and

(c) A description of the institutional and procedural arrangements resulting from the implementation of the functions mentioned above.

E. Policies and measures in accordance with Article 2

14. Each Annex I Party shall report information on action taken to work through the International Civil Aviation Organization and International Maritime Organization to limit or reduce emissions from aviation and marine bunker fuels, in accordance with Article 2.2.

(Participants at the workshop did not identify what other supplementary information, if any, should be reported. The experience gained with the use of the revised UNFCCC reporting guidelines could be assessed and options for reporting could then be provided for the COP/MOP.)

F. Compliance

15. Each Annex I Party shall report any relevant information on the development of its domestic compliance measures.

(Parties may wish to provide additional views on this issue.)

G. Information under Article 3.1 and 3.13

(See paragraph 8 above)

IV. LANGUAGE

16. The information reported in accordance with these guidelines shall be submitted in one of the official languages of the United Nations. Annex I Parties are encouraged to submit, where applicable, a translation of this information in English.

V. ADOPTION AND UPDATING OF THE GUIDELINES

17. These guidelines shall be adopted, reviewed and revised, as appropriate, in accordance with decisions of the COP/MOP, taking into account any relevant decisions of the COP.

Annex III

DRAFT GUIDANCE ON METHODOLOGIES FOR ADJUSTMENTS UNDER ARTICLE 5.2

I. OBJECTIVES

1. The objectives of the guidance on methodologies for adjustments under Article 5.2 are:

(a) To ensure the use of adequate methods for adjustments for inventory problems; and

(b) To ensure that adjustments are calculated in an objective, transparent and comprehensible manner.

II. DEFINITION

2. "Adjustments" under Article 5.2 are revised technical estimates of emissions or removals for a particular source category in a greenhouse gas inventory which was submitted by an Annex I Party to meet its commitments under the Kyoto Protocol. "Adjustments" are calculated according to the guidance that follows. "Adjustments" are to be used for the purpose of accounting of Parties' emissions and removals as well as assigned amounts.[9]

III. CHARACTERISTICS

3. Adjustments should be applied only when inventory data submitted by Parties are incomplete and/or are calculated in a way that is not consistent with the Revised 1996 Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories, referred to below as the IPCC Guidelines, as elaborated by any good practice agreed upon by the Conference of the Parties (COP).

4. Adjustments are not intended as a substitute for national emission estimates to be developed and reported by Parties in accordance with the IPCC Guidelines, as elaborated by any good practice agreed upon by the COP. Adjustments are intended to provide an incentive for Parties to provide annual inventories prepared in accordance with these guidelines, which do not need adjustments.

5. Adjustments should be a last resort and should be applied only when other attempts to correct a problem have failed. Parties should make every effort during the review process under Article 8 to correct identified problems in consultation with the expert review team before an adjustment is considered.

---

[9] If a Party corrects a problem identified by the secretariat or expert review team in accordance with the IPCC Guidelines as elaborated by any good practice agreed upon by the COP, this does not constitute an adjustment.

6. Adjustments should be conservative, i.e they should be downward biased when applied to the base year and upward biased when applied to other years (and vice versa for removals by sinks). There should be confidence that adjustments do not overestimate emissions in the base year and do not underestimate emissions in other years.

IV. APPROACH

7. This guidance is intended for use by experts calculating adjustments. When calculating an adjustment, experts should select a method to calculate revised estimates in accordance with the hierarchy provided in section V. They should apply the method in accordance with section VI and ensure the conservativeness of revised estimates and consistency in trends in accordance with the guidance in section VII. Results should be reported in accordance with section VIII.

8. The adjustments should be applied at the level of aggregation at which emission factors are distinct, i.e. at least at the level of summary table 7A of the IPCC Guidelines.

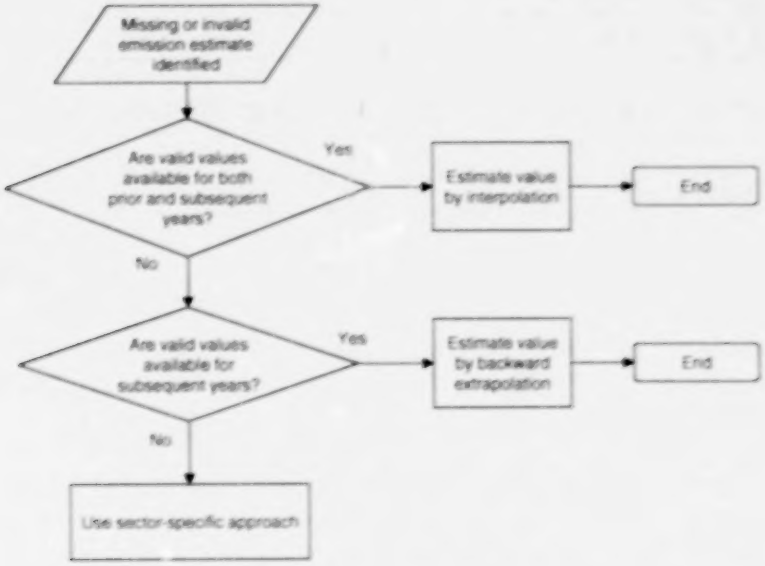
9. This guidance is not comprehensive and does not cover all possible problems. If some aspects of a particular case are not covered by this guidance, the experts calculating the adjustment shall adhere to this guidance and its principles as closely as possible.

V. CHOICE OF METHODS

(This section could include general guidance applicable to all sources, followed by source category specific guidance. It could include a detailed description of which methods should be applied for each source category, greenhouse gas and type of problem. The level of detail of this guidance for source categories could range from a high level of aggregation (five main source categories) to a low level of aggregation (about 30 source subcategories as in summary table 7A of the IPCC Guidelines).

The section could include decision trees and/or tables such as the following two illustrative examples:

Example of general adjustment decision tree applicable to all source categories



Example for ranked options for adjustments according to types of inventory problems for the fuel combustion activities source category. (This table was adapted from the submission of the United States of America, see document FCCC/SBSTA/2000/MISC.1).

Inventory problem	Ranked option for adjustment	Precondition
Reference approach missing	1. Calculate reference approach using energy production data from the International Energy Agency (IEA). The reference approach includes the default emission factors, which are given in table 1-1 of the Reference Manual of the IPCC Guidelines	Comparable energy statistics available from the IEA.
	2. Extrapolate from previous years, possibly using gross domestic product (GDP) provided by [...] as driver.	Reliable estimates from previous years available
	3. ...	
	4. ...	
Emission factor incorrect, misapplied or undocumented	1. Use default emission factor given in table 1-1 of the Reference Manual of the IPCC Guidelines	
Net calorific values incorrect, misapplied or undocumented	1. Use default net calorific values given in table 1-2 of the Reference Manual of the IPCC Guidelines	

Activity data incorrect, misapplied or undocumented	1. Calculate reference approach using energy production data from the IEA and compare to estimate provided by Party and ...	Comparable energy statistics available from the IEA.

VI. METHODS OF CALCULATING REVISED ESTIMATES

(This section could include a description of the methods to be used for calculating an adjustment independent of the source categories, gases and types of problems.

Participants at the workshop suggested that the IPCC tier 1 methods, Annex B averages, extrapolation using drivers, extrapolation without using drivers, interpolation, and estimation based on linkages between emissions of gases or sectors are methods that could be considered (for methods, see also FCCC/TP/2000/1). The outcome of the future technical work may add to, subtract from or modify these methods.

It may be noted that the IPCC good practice report includes a general description of interpolation and extrapolation as well as extrapolation using a driver or growth factor (surrogate method) in the context of recalculations and ensuring consistency of trends.)

VII. OTHER CONSIDERATIONS

A. Making conservative estimates

(This section could include a description of how to ensure that estimates are conservative.)

B. Consistency of time-series

(This section could include guidance on how to ensure the consistency of trends when applying adjustments.)

VIII. REPORTING

(This section could identify information that should be reported. This could include the approach taken to select the method, all assumptions made, the original estimate, the adjusted estimate and the percentage share of emissions from the adjusted source category compared to the total emissions of the inventory.)

- - - - -